

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

JUDY MARTZ
GOVERNOR



PO Box 200802
HELENA, MONTANA 59620-0802

May 24, 2002

Governor Judy Martz
State Capitol Building
Helena, MT 59620

Dear Governor Martz:

In accordance with 17-7-140, MCA, the Office of Budget and Program Planning is submitting for your review our recommendations for FY 2003 agency budget reductions.

Substantive law requires that "reductions in spending must be designed to have the least adverse impact on the provision of services determined to be most integral to the discharge of the agency's statutory responsibilities." My office has worked diligently with the agencies to identify as many reductions as possible with the least severe impacts. The general fund reductions are not equal by percentage from agency to agency because some agencies have greater opportunity for fund switches, grants and contracts not yet signed for FY 2003 and other measures that do not cut directly services to Montana residents. Nonetheless, very hard choices will need to be made to restore the required ending fund balance.

The revenue projections and expenditure reductions recommended now will be changing constantly from today until you make your final decisions on June 21. The report enclosed contains our initial analysis and best judgment as of today regarding how to deal with the revenue shortfall in a resolute and fair manner.

These recommendations to you are designed to enable additional input from the Legislative Finance Committee and other legislators, from agencies and special interest groups and the general public. Then you will be able to make informed decisions next month prior to implementation of any FY 2003 expenditure reductions.

My staff and I stand ready to assist you in this difficult endeavor.

Sincerely,

Chuck Swysgood
Budget Director

Attachment